EXAMINER'S AMENDMENT

1.   An examiner's amendment to the record appears below. Should the changes

and/or additions be unacceptable to applicant, an amendment may be filed as provided

by 37 CFR 1.312. To ensure consideration of such an amendment, it MUST be

submitted no later than the payment of the issue fee.

Authorization for this examiner's amendment was given in a telephone interview

with Joel Lehrer (Reg. No. 56,401) on December 8, 2009.

The application has been amended as follows:

1. (Currently Amended) An apparatus allowing for tax-optimized, managed investment
portfolios, comprising:

a database server storing an investor account database comprising storing, on a
database server, account data for a plurality of financial portfolios wherein the assets of
each financial portfolio have been previously allocated to according to at least one
investment style;

a processing server having stored thereon computer-executable data pre-
processor software module operating on a server for configured to receive receiving (i)
historical transactions associated with each financial portfolio, and (ii) proposed trades
comprising adjustments to a plurality of existing positions held in each financial portfolio
based on the at least one investment style; and

a computer-executable portfolio optimizer module stored and operating on [[a]]
the server and configured to optimize after-tax returns for each financial portfolio
aggregated across all assets in each portfolio, factoring in risk, return, short term capital
gains, short term capital losses, long term capital gains and long term capital losses
associated with execution of each of the plurality of possible trades, the investment
styles associated with each asset, and the historical transactions associated with each
financial portfolio.

2. (Previously Presented) The apparatus of claim 1 wherein the investment style represents a model portfolio.

3. (Previously Presented) The apparatus of claim 1 wherein the investment style allows for creation of a model portfolio.

4. (Original) The apparatus of claim 2 wherein the model portfolio data comprises a plurality of securities and their respective weights.

5. (Previously Presented) The apparatus of claim 2 wherein the portfolio optimizer is further configured to minimize tracking error from the model portfolios of the at least one investment style associated with the financial portfolio, balancing tracking error, tax costs, and transaction costs.

6. (Previously Presented) The apparatus of claim 1 wherein the portfolio optimizer is further configured to model a tax code applicable to the client associated with each financial portfolio.

7. (Previously Presented) The apparatus of claim 6 wherein the portfolio optimizer is further configured to provide incremental tax costs resulting from the proposed trades.

8. (Currently Amended) An apparatus allowing for tax-optimized, managed investment portfolios, the apparatus comprising:

    an investor account database storing account data for a plurality of financial portfolios on a database server wherein the assets of each financial portfolio have been previously allocated between at least two asset classes and wherein each asset class has associated therewith at least one investment style, each investment style representing a model portfolio;

a processor, configured to execute software implementations of:

a data pre-processor module for receiving (i) historical transactions associated with each financial portfolio, and (ii) proposed trades comprising possible adjustments to a plurality of existing positions held in each financial portfolio generated to mirror the model portfolios; and

a portfolio optimizer module configured to optimize a financial portfolio aggregated across the at least two asset classes for after-tax returns, factoring in risk, return, short term capital gains, short term capital losses, long term capital gains and long term capital losses, based on each of the plurality of possible trades, the investment styles associated with each asset class, and the historical transactions associated with each financial portfolio.

9. (Previously Presented) The apparatus of claim 8 wherein the portfolio optimizer is further configured to minimize tracking error from the model portfolios of the investment styles associated with the financial portfolio, balancing tracking error, tax costs, and costs associated with the proposed trades.

10. (Previously Presented) The apparatus of claim 8 wherein the portfolio optimizer is further configured to minimize tracking error from the model portfolios of the investment styles associated with the financial portfolio, balancing tracking error, tax costs and tax preferences corresponding to the financial portfolio.

11. (Original) The apparatus of claim 8 wherein the model portfolio data comprises a plurality of securities and their respective weights.

12. (Previously Presented) The apparatus of claim 8 wherein the investor account database further stores portfolio optimization settings in association with corresponding financial portfolios, and wherein the portfolio optimizer further considers the portfolio optimization settings when optimizing the financial portfolio.

13. (Previously Presented) The apparatus of claim 8 wherein the investor account database further stores client preference data in association with corresponding financial portfolios, and wherein the portfolio optimizer is further considers the client preference data when optimizing the financial portfolio.

14. – 18. (Cancelled)

19. (Previously Presented) The apparatus of claim 8 wherein the portfolio optimizer is further configured to receive data relating to financial events external to the financial portfolio, and wherein the portfolio optimizer integrates the external transactions data into the optimization of the financial portfolio.

20. – 24. (Cancelled)

25. (Previously Presented) The apparatus of claim 8 further comprising an integration server to transmit calculated adjustments for a financial portfolio to an accounting system for trade execution.

26. – 35. (Cancelled)

36. (Previously Presented) The apparatus of claim 1 wherein the portfolio optimizer is further configured to optimize allocations of the proposed_trades within each financial portfolio by constructing and solving a mathematical representation of an objective function bound by constraints, wherein the constraints represent the account data associated with each investment portfolio.

37. (Previously Presented) The apparatus of claim 1 wherein the portfolio optimizer is further configured to modify the proposed trades based on the optimized allocations.

38. (Previously Presented) The apparatus of claim 8 wherein the portfolio optimizer is further configured to optimize allocations of the proposed_trades within each financial portfolio by constructing and solving a mathematical representation of an objective function bound by constraints, wherein the constraints represent account data associated with each investment portfolio.

39. - 40. (Cancelled)

41. (New) A method for managing tax-optimized, managed investment portfolios, the method comprising:

storing, on an investor account database, account data for a plurality of financial portfolios on a database server wherein the assets of each financial portfolio have been previously allocated between at least two asset classes and wherein each asset class has associated therewith at least one investment style;

receiving at a data pre-processor (i) historical transactions associated with each financial portfolio, and (ii) proposed trades comprising possible adjustments to a plurality of existing positions held in each financial portfolio generated; and

on a processor, optimizing a financial portfolio aggregated across the at least two asset classes for after-tax returns, factoring in risk, return, short term capital gains, short term capital losses, long term capital gains and long term capital losses, based on each of the plurality of possible trades, the investment styles associated with each asset class, and the historical transactions associated with each financial portfolio.

42. (New) The method of claim 41 wherein the investment style for each asset class represents a model portfolio.

43. (New) The method of claim 42 wherein the optimizing step further comprises minimizing a tracking error from the model portfolios of the investment styles associated with the financial portfolio.

44. (New) The method of claim 41 further comprising the step of before the optimizing step, processing the investment style and account data to screen for restricted securities.

45. (New) The method of claim 44 further comprising the step of selecting an alternate security for any restricted security associated with a model portfolio found in the processing step.

46. (New) The method of claim 45 wherein the alternate security is a security similar to the restricted security in relation to tracking error relative to the model portfolio and excess return associated with the restricted security.

47. (New) The method of claim 41 further comprising the step of processing the investment style and account data to screen for potential wash sales.

48. (New) The method of claim 47 further comprising the step of applying a constraint mechanism to any security associated with a potential wash sale to eliminate the potential for a wash sale.

49. (New) The method of claim 41 further comprising incorporating data relating to financial events outside the financial portfolio when calculating the net tax position of the client associated with the financial portfolio.

Conclusion

2.   Claims 1-13, 19, 25, 36-38, and 41-49 are allowed.

3.   Any inquiry concerning this communication or earlier communications from the

examiner should be directed to Susanna M. Diaz whose telephone number is (571) 272-

6733. The examiner can normally be reached on Monday-Friday, 8 am - 4:30 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Kambiz Abdi can be reached on (571) 272-6702. The fax phone number for

the organization where this application or proceeding is assigned is 571-273-8300.

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system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Susanna M. Diaz/
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